

Do not use this checklist for liability coverage. If using a financial test for liability coverage or combined liability/closure coverage, use publication #05-04-008(g). If using a corporate guarantee for liability coverage, use publication #05-04-008(m). Do not use this checklist for post-closure or interim status facilities – contact Ecology's Financial Assurance Officer for instructions.

# **FINANCIAL ASSURANCE COMPLIANCE CHECKLIST FINANCIAL TEST AND CORPORATE GUARANTEE FOR CLOSURE FACILITIES USING 40 CFR 264.143(f)**

**REVIEW FOR YEAR:** \_\_\_\_\_

DATE SUBMITTED \_\_\_\_\_  
CFO LETTER DATE \_\_\_\_\_  
GUARANTEE DATE \_\_\_\_\_  
GUARANTOR NAME \_\_\_\_\_  
FACILITY NAME \_\_\_\_\_  
LOCATION \_\_\_\_\_  
ID NUMBER \_\_\_\_\_

INITIAL REVIEW STEPS	COMMENTS
1. Have the required documents been submitted?	
a. CFO letter – 40 CFR 264.143(f)(3)(i)	
b. CPA's report – 40 CFR 264.143(f)(3)(ii)	
c. CPA's special report/opinion – 40 CFR 264.143(f)(3)(iii)	
2. Is the CFO's letter wording identical to the requirements and personally signed by the CFO of the owner or operator? 40 CFR 264.143(f)(3)(i) and WAC 173-303-620(10)	
3. Is the CPA's opinion "clean" or unqualified? 40 CFR 264.143(f)(8)	
4. Does the special report verify that the CPA compared the data from the CFO's letter and that that there are no reasons to adjust the data? 40 CFR 264.143(f)(3) (iii)(A) and (iii)(B)	
5. Has the owner/operator chosen to use the financial test Alternative I? 40 CFR 264.143(f)(i) and WAC 173-303-620(4)(c)(iv)	
a. If using Alternative I, does owner/operator meet at least two of the three financial ratios tests? 40 CFR 264.143(f)(1)(i)(A)	
1. Is total liabilities divided by net worth equal less than 2.0?	
2. Does net income plus depreciation plus depletion plus amortization divided by total liabilities equal more than 0.1?	
3. Does current assets divided current liabilities equal more than 1.5?	
b. If using Alternative I, are <b>both</b> of the owner/ operator's net working capital <b>and</b> tangible net worth each at least six times the sum of current closure and post-closure cost estimates plus current plugging and abandonment cost estimates? 40 CFR 264.143(f)(1)(i)(B)	

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6. Has the owner/operator chosen to use the financial test Alternative II? <i>40 CFR 264.143(f)(ii) and WAC 173-303-620(4)(c)(iv)</i>	
a. If using Alternative II, is the owner/operator's current Standard and Poor's bond rating AAA, AA, A, or BBB or current Moody's bond rating Aaa, Aa, A, or Baa? <i>40 CFR 264.143(f)(ii)(A)</i>	
b. If using Alternative II, is the owner/operator's tangible net worth at least six times the sum of current closure and post-closure cost estimates plus current plugging and abandonment cost estimates? <i>40 CFR 264.143(f)(1)(ii)(B)</i>	
7. Is the owner/operator's tangible net worth at least \$20 million? <i>WAC 173-303-620(4)(c)(iv)</i>	
8. Are at least 90 percent of the owner/operator's total assets located in the United States, or does the owner/operator have US assets totaling at least six times the sum of current closure and post-closure cost estimates plus current plugging and abandonment cost estimates? <i>40 CFR 264.143(f)(1)(i)(D) and 264.143(f)(1)(ii)(D)</i>	
9. Does owner/operator meet the financial test requirements? (Must answer "Yes" to questions 6a, 6b, 8, and 9, <b>or</b> "to questions 7a, 7b, 8, and 9.)	
10. Is the language of the corporate guarantee identical to the requirements? <i>40 CFR 264.151(h) and WAC 173-303-620(10)</i>	
11. Does the corporate guarantee meet other requirements? <i>49 CFR 264.143(f)(10)</i>	
<b>SUBSEQUENT REVIEW STEPS</b>	
12. Do the calculations demonstrate the owner/operator continues to meet at least one of the two financial test alternatives? <i>40 CFR 264.143(f)(i) or 264.143(f)(ii)</i>	
13. Have the cost estimates been adjusted for inflation? <i>WAC 173-303-620(3)(c)</i>	
14. Any other outstanding issues or concerns?	

**MANDATORY LANGUAGE:** Located in 40 CFR 264.151(f) and WAC 173-303-620(10). Examples of mandatory language are available from Ecology's Financial Assurance Officer at (360) 407-6754.

**CONCLUSION:** The Department of Ecology determines that the facility has *(circle one)* **COMPLIED** / **NOT COMPLIED** in all material respects with the requirements governing financial assurance as described in 40 CFR Part 264. Reasons for noncompliance, if any, are detailed in an attached memo.

Department of Ecology Review by: \_\_\_\_\_ Date: \_\_\_\_\_